

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2136
ANSWERED ON:11.08.2006
CREDIT POLICY AND ECONOMIC DEVELOPMENT
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is taking steps to double the farm credit from 10 per cent at present to 20 percent, as well as creating and nurturing five rural development projects, adopting and innovatively funding at least one lakh sick SSI units and participating in infrastructure development;

(b) if so, the details thereof;

(c) whether the Government was committed to economic development by ensuring a growth rate of eight percent to ten per cent annually and maintaining it for a decade, for enhancing the welfare of farmers and workers by unleashing the creativity of the entrepreneurs, youth and other productive forces of the society; and

(d) if so, the progress achieved so far?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL) :

(a) and (b) With a view to increasing the credit flow to agriculture, Government of India had announced on 18 June, 2004, a comprehensive Farm Credit Package, to double the credit flow to agriculture in three years, from 2004-05 to 2006-07, with an annual growth rate of 30%. The flow of credit to agriculture and allied sector has grown from Rs. 86,981 crore from 2003-04 to Rs. 1,67,775 crore by 2005-06. Similarly, in August 2005, the Government of India announced a Policy Package for stepping up credit to Small and Medium Enterprises (SME) envisaging a year on year growth of 20%. As at end of March, 2006 the outstanding credit to SME Sector by Public Sector Banks showed a growth of 28.15% over the figure of March, 2005.

(c) and (d) The Tenth Five Year Plan envisaged an annual growth rate of 8%. The actual growth in the economy during the Tenth Five Year Plan period is indicated below:-

Year Growth in overall GDP (%)

2002-03 4.0%

2003-04 8.5%

2004-05 7.5%

2005-06 8.4%

GDP - Gross Domestic Product.